

## Will euro succeed where yen failed?

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THE world will perhaps witness another round of tug of war, to be precise, a new currency war, between the new-born common currency of the European Union (EU), euro, launched as legal tender on 1<sup>st</sup> January this year for more than 300 million citizens of EU's 12 members (out of 15), and the most powerful reigning world currency US dollar. It would undoubtedly be a spectacular fight between a veteran well-seasoned ring-master and a just-born novice, although the new baby is already picking up and has won world applause for its auspicious arrival and it would be more thrilling as it comes following the defeat (maybe temporary) of dollar's another rising rival, Japanese yen. Euro will have to weather a heavy storm and rough seas, in defeating the giant to reach the top slot. Of course, the mysterious factors and causes that forced yen to accept the defeat may again surface to rescue dollar.

The formal launching of euro currency notes and coins of more than 144 billion euros (127.8 billion US dollars) as legal tender for the euro-zone has already created a big sensation and raised high waves (also hopes) in the world currency market as the biggest monetary changeover in world history. Euro was earlier launched on 1 January 1999 as a common currency of EU member countries but it was in circulation along with each member country's own national currency and it took three years to take off as their single common currency, discarding their national currencies. Although, at the outset the euro is expected to have 'teething problems', some think that it would play a key role in creating a bi-polar global financial order

based on euro and dollar. But others are most optimistic about euro's future role as the only world currency, dislodging the incumbent currency king, the US greenback. After the first two weeks of its arrival in money market euro, in the language of the EU commissioner Solbes, "would dominate all transactions and would be used in 90 pc of transactions from the second half of January," thus making a powerful debut.

### Euro-sceptic Britain

**After the sad ordeal suffered by yen, comes euro in the field. But, however strong euro might prove against dollar, it may also have a bad day like its predecessor as the forces of Soros and his powerful mentors might be waiting in the isle to jump in 'to drown euro in the mid-sea'. Only time will show how far euro will match up to its strong rival.**

In fact, euro will have to fight against a two-pronged attack, one from the mighty dollar and the other from the surging yen. It will therefore be a triangular fight, each trying to get the 'crown'. In this big 'show' UK's 'wait and watch' policy is rather intriguing. British PM Tony Blair's government has reportedly announced that they would join the euro economic zone only when "important economic factors are favourable" and "if the electorate approves" it in referendum they are planning to hold on this issue. Meanwhile, the latest opinion poll, conducted by a British newspaper, *The News of World*, shows that the majority of the Britons (some 51 p.c.) are against joining the euro zone, while only 31 p.c. are in favour of joining it. Perhaps they are afraid of losing their national identity as reflected in their currency, the pound. Of course, it cannot be denied that the British have their own national 'ego' as a world power which has lately been further boosted by Blair's blaring and dash-

ing leadership in consolidating the international anti-terrorist cooperation, as Blair has already been dubbed by a leading Indian daily as "the world's second biggest leader" (of course, after George Bush). Perhaps the euro-sceptic Britons would take some more time to express their will (political or economic) to scrap their time-honoured sterling (pound) and accept the new single currency—euro.

In this context, remarks made by some political and financial leaders, on euro's future role, when it was first

the world public. It is perhaps for the first time in the history of the fragmented Europe that a united (states of) Europe has stood up to take over the leadership of global economy. It is too ambitious, no doubt, but the much-cherished dream is on the threshold to come true. Since the World War II, the economically and politically crippled and physically ruined Europe had no identity of its own except as 'begging nations'. Of course US-sponsored 'Marshall Aid' played a vital role in rebuilding and rehabilitating a new Europe literally

of continuing harsh economic sanctions against Iraq. France, a permanent member of the UN Security Council, has opposed, along with two other permanent members, China and Russia, US insistence on continuing with these sanctions. This new role on the part of a EU member has isolated America to a great extent.

### US tariffs on EU goods: 'Violation' of WTO rules

The conflict of economic interests as erupted a couple of years back,

billion US dollars for the financial loss sustained by EU export-trade since the imposition of 100 per cent import tax on European goods. A big tit for tat, indeed! This is likely to further widen the gulf between the two economic powers, unless America gives up its bullying policy against the EU.

### Fall of yen: Soros played the game?

Now the question is how far the sailing of euro along the turbulent sea will be smooth, while its strong predecessor, yen, sank, rather was forced to sink or drowned through a well planned machination that was let loose to cut the sailing Asian giant Japan and its currency, yen, to size. In the eighties it became definitely clear that yen was coming up as a formidable force, along with flourishing Japanese economy, to knock out dollar as a world currency. But a sinister game played by a so-called financial wizard, George Soros of America, and chairman of the Soros Foundation Management, brought about the worst financial crisis in Asian money markets by siphoning off billions of dollars, resulting in nose-dive crash of Asian currencies, including yen, and stock markets.

After this sad ordeal suffered by yen, comes euro in the field. But, however strong euro might prove against its rival, it may also have a bad day like its predecessor as the forces of Soros and his powerful mentors might be waiting in the isle to jump in 'to drown euro in the mid-sea'. Only time will show how far euro will match up to its strong rival. Ultimately, who wins: the modern David or the old reigning Goliath? Which way the world community looks? We wait and see.

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All health information to keep you up to date

### Believe it or not

- \* The intestines are at least 25 feet in an adult. It takes about 3 hours (for food) to move through the intestine.
- \* Three pints of saliva are produced in the mouth in a single day.
- \* Two-thirds of the body is water.
- Blood - 83 per cent (water)
- Muscles - 75 per cent (water)
- Brain - 74 per cent (water)
- Bone - 22 per cent (water)
- \* Brain is the 'headquarters' of our body; sending out messages at a rate of 384 km per hour.
- \* A new born baby has a brain which weighs 0.55 gms (in an adult it weighs 1.36 kg).

Next: What is osteoporosis

## Of container port and priorities in port development

SYED MANSUR-UL HAQ

HOW, when and by whom the idea of building exclusive container port at the mouth of the river Karnaphuli was mooted first? One is not really aware of any local initiative in the matter although some studies in the past were carried out about establishment of a deep-sea port.

Probably some foreign investors thought such container port would be technologically and commercially viable and they made out a proposal accordingly. From hearsay, it transpires that a British Company made such proposal first followed by the proposal given by Stevedores Association of America (SAA), although the details of the proposals are still not known to the members of the public. Anyway, during early 1999 when the matter came into public focus, opinions were and are still being expressed in different forums for and against such proposal. Some other prospective investors reportedly confided their willingness to participate, should a tender be floated for such a venture.

As far as I am concerned, my queries in this regard may be concised up as under: Has anybody made any need assessment survey keeping in view the quantity and quality/speciality of Bangladesh's international trade and the future growth thereof in view? Has any techno-economical feasibility study been undertaken by any investor, consulting firm/body or the government in respect of the proposed container port?

It is quite possible that someone may have conducted these studies about which we the members of the general public may not be knowing. Anyway, it is for us to analyse the prevailing scenario to get into some truth, if not whole truth in one go.

The flow of containers through the Port of Chittagong in the year

1996-97 stood at 289,500 TEUS against total Bangladesh sea-borne trade of 13.2 m. tons with Chittagong Port accounting for 10.6 m. tons. In the year 1999-2000, the container flow stood at 4,07,053 TEUS against the tonnage handled almost touching 17 m. tons.

If anticipated growth of trade is likely to range between 5 to 10 per cent, the expected inflow of containers may reach 1.8m TEUS by 2020, but certainly not beyond 2m TEUS even if the demand from some neighbouring countries is to be accommodated. With the commissioning of New Mooring Terminal and conversion of the existing conventional jetties 11 to 13 into container berths and working even at 60 per cent operational efficiency, it will be possible to handle another 0.7m TEUS, besides 4,07,053 TEUS already being handled by the existing CCT and conventional jetties 11 to 13. With a joint venture management contract for the operation of these terminals i.e. CCT and berths 11 to 13 coupled with the acquisition of modern equipment as may have been already planned, the efficiency can go up by another 10 per cent, if not more. On the top of all these, there is the question of rebuilding jetties 7 to 10 to cope with the possible growth of shipping including container traffic. In any case, the present conditions of those berths are anything but satisfactory. Hence while going for rehabilitating these berths, we may preferably go for converting them into multipurpose berths with provision of commissioning at least two of these for use as container berths immediately. Considering all these and provided projected innovations, acquisition of cargo handling equipment and constructions are completed by 2005, the container handling capacity of Chittagong will easily go up to 1m TEUS by then. We should not at the same time forget that internationally 75 to 80 per cent of berth

operational efficiency is considered standard and in keeping with that, we will have to gear-up our efforts which will, of course, include higher labour productivity and better management to ensure further improvement in our working and this, as of now, does not account for more than 50 per cent operational efficiency. But 65 per cent operational efficiency is the minimum which we must ensure under any circumstances.

As regards the congesting of containers at the jetty heads, the problem can be easily solved firstly by expediting and simplifying customs and port clearance procedures, introducing an integrated

other either at Sirajgonj or Ishwardi. Over and above all these, it will be in the fitness of things if all up-country EPZs have their own ICDs. With the commissioning of Jamuna Bridge rail connection over it between Joydevpur and Sirajgonj and the projected double tracking of DA-CTG railway line, rail-borne container movement is bound to increase making shift of containers out of port more hassle free. Moreover, with the widening and strengthening of DA-CTG highway, this movement will get further boost and of course, as we all are well aware that transportation by inland waterways is always a plus point in our background and relevant

**Nothing will work unless the management of the port authority is overhauled to obtain operational efficiency. It has to be self-sustaining organisation...without compromising the requirement of accountability.**

computer networking of the customs/port procedures and by shifting as many containers as possible to Inland Container Depots whose construction preferably in the private sector may be encouraged in the overall interest of the trade and traffic. Already one ICD exists at DA, which has been recently expanded. We can go for some more in the public or private sector in response to rising demands. As far as I know, one container depot is already functioning in the private sector in Chittagong, presumably for limited activities. Probably CPA itself has also embarked on creating more such container storage facility. Lately CEPZA is also developing a depot cum container freight station outside the port protected area. Personally, I feel there is ready scope for having another two ICDs by 2005, may be one either at Tongi or Joydevpur near Dhaka and the

authorities seem to be fairly conscious of it. Already up with the modernisation, inland water transport surely will not lag behind to contribute its share in the total transportation of containers from the port to onward inland destinations. Should we be able to effectively improve an inland multimodal transportation network, more ICDs are bound to come up in due course and all these will certainly contribute in expediting cargo handling operations of the port.

If we really want to do something more whether in public or private sector, we can go for a deep-sea port or the third port (as one may like to call it) along with necessary off and on shore infrastructural facilities where large vessels of more than 50,000 tons and oil tankers can anchor and do the loading and unloading operations. As far as I recollect, a study was carried out

with this objective during the late seventies. In this context, I am inclined to also mention about the existing naval jetties where draughts are ideal of 11 to 12 m which may preferably be relocated on the other side of the river to make room for more multipurpose berth construction on the right side of the river Karnaphuli in the great national interest. Even for security and safety reasons, such re-location of naval jetties/establishments appears to be overdue. A reference of the proposed master plan in the Bangladesh Port Systems Development Plan (presumably the plan has since been accepted by the Govt.) justifying such relocation may also be invited.

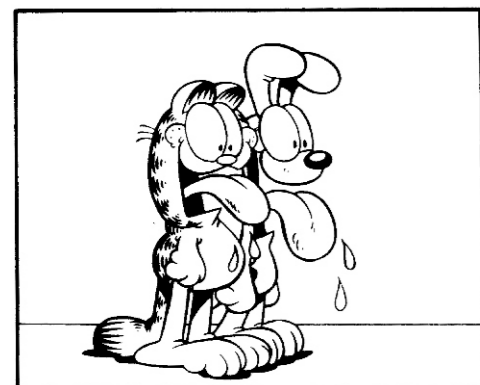
The position thus emerges is that the quantum of trade as it is and taking its growth factor up to 2010, we can easily handle the anticipated container traffic with the commissioning of New Mooring berths, converting existing 11 to 13 conventional berths into container berths. Even future increase of container flow can be taken care of easily by relocating naval base and rehabilitating berths 7 to 10 as multipurpose berths. As such, with improvement in management operation, more discipline and productivity on labour front, opening of more ICDs, it can be concluded that the issue of congestion can be effectively tackled.

Now about the funding for all these, private participation can be encouraged under joint venture either on BOT or BOO basis. Moreover, in many ports, I have found them floating bonds for sale with a view to raising funds. Since ports and particularly Chittagong Port operation has been and hopefully will continue to be profit earning pursuit to attract both local and foreign investors, the bonds if offered will be sold out in no time thereby relieving the government of financial strain for procuring additional funds for development.

In view of what has been said above, will there be still scope for SAA to make such big investment right now as they have been contemplating? If new mooring is developed on priority basis and if Nos. 11 to 13 jetties (which are already dilapidated) are converted into container berths, what more traffic will remain for the SAA to handle in the immediate sequence? After all investment and activities thereto will have to hinge on the volume, pattern and flow of international trade. SAA may flourish only if the growth in the container traffic exceeds the estimates made hereinbefore for the period up to 2020 or alternatively if they are able to monopolise all expected increase in traffic in the coming years. After all, it is question of sharing bread and in the ultimate analysis if its size is not big enough, no investors will like to sink their funds for any love for us. Members of public are interested to see the share of the country and the people are more pronounced in a given situation when country's trade can be adequately handled and managed with normal efficiency with local and foreign participatory agencies. Joint involvement of local/foreign investors including SAA will be welcome if that can ensure better efficiency commensurate with economic and sovereign interests of the country. To conclude, the big question is whether container port as is being advocated now is essential right now when the

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by Jim Davis



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